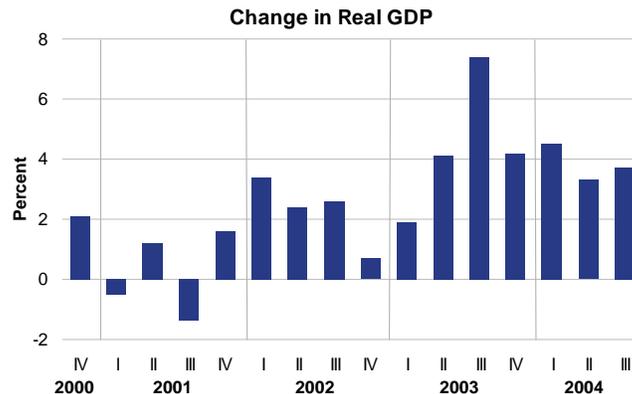




GDP GREW 3.7% IN THE THIRD QUARTER

Advance GDP Estimates

Inflation-adjusted gross domestic product (real GDP) increased 3.7 percent in the third quarter of 2004 after increasing 3.3 percent in the second quarter, according to estimates released today by the U.S. Bureau of Economic Analysis. (GDP is the most comprehensive measure of U.S. economic activity.) Prices and real disposable income increased less than in the second quarter.



Note: The change in real GDP is measured at seasonally adjusted annual rates.

Consumer spending and the trade balance contributed to the step-up in GDP:

- Consumer spending increased more than in the second quarter, as spending on motor vehicles and gasoline turned up.
- Exports and imports both increased less than in the second quarter, but the slowdown in imports was more marked than the slowdown in exports.

In contrast:

- Business inventories increased less than in the second quarter.
- Residential investment slowed, mainly on the basis of a deceleration in brokers' commissions on house sales.
- Government spending also slowed, despite a step-up in defense spending.
- Business investment in equipment and software increased about as much as in the second quarter, while investment in structures slowed.

Prices paid by U.S. residents increased 1.8 percent after increasing 3.5 percent in the second quarter. Excluding food and energy, prices increased 1.5 percent after increasing 2.5 percent.

Real disposable income—after-tax income adjusted for inflation—increased 1.4 percent after increasing 2.4 percent.

BEA's data—including GDP, personal income, the balance of payments, foreign direct investment, the input-output accounts, and economic data for states, local areas, and industries—are available on its Web site: <www.bea.gov>.

NOTE: Additional information that becomes available in the coming weeks will be incorporated in a revised estimate of third-quarter GDP—and a preliminary estimate of third-quarter profits—on November 30, 2004.

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